

Bidder Qualification Application

Bidder Name:

Bidder Point of Contact:

Bidder Point of Contact Phone:

Bidder Point of Contact Email:

Overview

The Bidder Qualification Application (the "Application") captures information for FDIC to qualify bidders for participation in an auction of pre-identified pool of loans. The Application is comprised of two levels of questioning, as outlined in the Application Scorecard Overview of this document. Bidders will provide responses in the space provided in the Application itself. If a question allows a Bidder to provide additional information in the form of an attachment to the Application, then the Bidder will clearly name and identify all relevant attachments as they pertain to specific questions.

This document first provides an overview of the Scoring Methodology, followed by guidance for completing the Application, and then Level 1 and Level 2 questions with corresponding scoring methodology for each primary question.

Document checklist

The Application requires additional documents to be provided by the Bidder in response to certain questions.

Please indicate below the additional documents provided in response to applicable sections or questions. Check all that apply.

- ☐ Section 1 - Supporting documents as required
- ☐ Question 2.2.1 - Credit rating reports
- ☐ Question 2.2.2 - Financial statements
- ☐ Question 2.3.1 - Support for availability of funds
- ☐ Question 2.3.2 - Funding plan
- ☐ Question 2.3.4 - Support for availability of additional funding
- ☐ Question 2.4.1 - Servicer rating reports
- ☐ Section 2.5 - Portfolio management plan

Scoring Methodology Overview

Application Scorecard Overview	Credit History and Legal Record	Financial Background	Funding	Asset Management and Servicing	Portfolio Management Plan
Level 1: Initial Review Response categories are Yes/No. If a respondent answers "Yes", the respondent is required to provide additional information.	Responses will be "No" or "Yes" "No" results in a pass "Yes" requires additional information	N/A	N/A	Responses will be "No" or "Yes" "No" results in a pass "Yes" requires additional information	N/A
Level 2: Qualification Questions Bidders will prepare responses to qualification questions pursuant to the instructions included in the Application Instructions.	Information only	Ratings: Satisfactory Unsatisfactory	Ratings: Satisfactory Unsatisfactory	Ratings: Satisfactory Unsatisfactory	Ratings: Satisfactory Unsatisfactory

Level 1: Initial Review

Should an answer to any of these questions be "Yes", then an explanation will be required regarding the specific issue identified.

Level 2: Qualification Questions

Scoring of answers for this section will be "Satisfactory" or "Unsatisfactory".

Level 2 Qualification Questions cover Credit History and Legal Record, Financial Background, Funding, Asset Management/Servicing experience, and Portfolio Management Plan. Responses to section 2.1 are for information only; each of the remaining four sections will receive an overall score of Satisfactory or Unsatisfactory. The scoring methodology for each of these four sections is explained below, and is based on the responses to the individual questions within those sections.

The FDIC will consider the overall merits of each application compared to the complexity and risks of the portfolio at auction.

The following provides examples of scoring criteria for the Bidder Qualification Application within the respective categories for Level 2 questions:

Funding

A satisfactory Bidder is expected to demonstrate the following:

- Financial resources are readily available to close the transaction within the FDIC's prescribed timeline.
- Financial resources are available to fund the management of the assets post closing, potentially including completion of projects, and funding of existing commitments. Further, a satisfactory Bidder should demonstrate that additional funding is available or can easily be accessed in the event of an unforeseen stress on liquidity.

A Bidder demonstrating the following attributes may be considered Unsatisfactory with respect to Funding:

- An inability to demonstrate that sufficient funding is available.
- An inability to demonstrate that the Bidder can close the transaction within the FDIC's prescribed timeline.
- No clear plan for ongoing funding of the management of the assets.
- An inability to demonstrate that resources are available to fund the management of the assets post closing or in a liquidity stress event.

Servicer

A satisfactory servicer is expected to demonstrate the following:

- High Servicer Rating (if Rated)
- Relevant Experience demonstrated in Servicer Overview (if Unrated)
- For Residential Loans, Servicer is expected to be an approved Servicer of any one of the three GSE's (GNMA, FNMA or FHLMC).

A Bidder demonstrating the following attributes may be considered Unsatisfactory with respect to Servicing:

- Inexperienced management team
- Lack of infrastructure and experience to adequately service the loans included in the portfolio
- Inability to provide satisfactory reports on general servicing portfolio characteristics
- Low FHLMC Performance Profile Tier Rating (if rated)
- For Residential Loans, Servicer is not an approved Servicer of any one of the three GSE's (GNMA, FNMA or FHLMC).

Asset Manager

Information provided for the Asset Manager is expected to demonstrate prior asset management experience relevant to the portfolio at auction, together with an experienced project management team and financial and operational capabilities to manage the projects through to completion.

The Asset Manager will be assigned a "Satisfactory or Unsatisfactory" rating based upon relevance and depth of experience compared to the portfolio of assets offered at auction.

Portfolio Management Plan

Information provided in the Portfolio Management Plan is expected to demonstrate a clear overall project strategy and continuance/transition plan to manage the project from its current state to completion. The plan is also expected to demonstrate existence of an experienced project team, with relevant skill sets to complete all phases of the project.

The plan also is also expected to include a clear, realistic marketing and disposition strategy for the project when completed. The Bidder's Portfolio Management Plan will be assigned a "Satisfactory or Unsatisfactory" rating based upon the ability to demonstrate these qualities.

Guidance for completing the Application

This document should be read in conjunction with the accompanying Application Instructions, which provides guidance on the completion of the following sections.

If the Bidder has completed a Bidder Qualification Application within the past six months, the Bidder need only complete the following:

- Section 2.3 Funding
- Section 2.4 Asset Management / Servicing (Not required if bidding on an asset pool similar to that considered by the prior application)
- Section 2.5 Portfolio Management Plan
- An Affidavit (Appendix A to the Application Instructions) to certify that no significant changes have occurred since the date of the previously submitted Bidder Qualification Application.

Level 1: Initial Review

Response categories in this section are Yes/No. If the respondent's answer is "Yes", the respondent is required to provide additional information regarding their response.

- 1.1 Has the Bidder or any of its Key Employees over the past seven years filed for protection under the Bankruptcy Code or any insolvency, reorganization, moratorium, receivership or other similar law affecting enforcement of creditors rights?**

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

- 1.2 Has the Bidder been determined to be insolvent by any bankruptcy court or had a receiver or conservator appointed by any state or federal regulator within the past seven years?**

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

- 1.3 Has the Bidder or any of its Key Employees been removed from or prohibited from participating in the affairs of any insured depository institution pursuant to any final enforcement action taken by any federal and or state banking agency?**

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

- 1.4 Have any of the Bidder's Key Employees been a key employee with a Failed Insured Depository Institution within the past seven years, or been restricted/prohibited from participating in the affairs of a Failed Institution?**

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

- 1.5 Has the bidder been informed of, or been subject to any legal proceeding involving fraud, criminal activity or breach of fiduciary duty in any jurisdiction (internationally and nationally) in the past five years?**

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

- 1.6 Within the past five years, has the Bidder been subject to any Federal or State citations or enforcement actions?**

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

- 1.7 Is the Bidder currently undergoing a dispute or unresolved subjects of correspondence with the IRS or other U.S. Government Agency?**

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

- 1.8 Is the Bidder currently, or has previously been subject to any investigations with respect to Anti-Money Laundering requirements or Patriot Act violations?**

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

- 1.9 Does the Bidder currently have a delinquent obligation to the FDIC or any US Government Department of \$50,000 or more?**

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

1.10 Does the U.S. Government currently hold investments in the Bidder under the Troubled Asset Relief Program (TARP)?

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

1.11 If the Bidder is an FDIC insured depository institution, does the Bidder have a Memorandum of Understanding or other regulatory agreement that would prohibit this type of transaction?

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

1.12 Is the Bidder considered an "off-shore entity" or otherwise not subject to U.S. tax?

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

1.13 Does the Servicer require additional licenses, registrations, insurance coverage, permits or qualifications to be considered in good standing in all states where the Servicer currently conducts business?

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

1.14 Has the Servicer had any license terminated, canceled or revoked by any U.S government or regulatory agency?

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

1.15 Is the servicer currently subject to a pending enforcement action or regulatory investigation due to any potential RESPA, FCRA or GLB Privacy Act violations?

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

1.16 Is the Servicer a wholly owned subsidiary of an insured depository institution?

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

1.17 Has the servicer been continuously engaged in the servicing of loans as a principal business for less than 3 years?

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

SAMPLE

Level 2: Qualification Questions

The below qualification questions allow bidders to provide detailed responses pertaining to their qualifications in general as well as specific to the asset pool in consideration. Questions in the section are listed by the category in which responses will be scored.

2.1 Credit History and Legal Record

Please provide the following information for the Acquisition Vehicle and all affiliate entities with significant influence or control of the acquisition vehicle. If more than two affiliate entities exist with significant influence or control of the acquisition vehicle, please include an attachment with a file name which includes "2.1 Credit History and Legal Record Response".

Acquisition Vehicle

Name and address for the entity/business	
Any prior names or aliases for the entity/business	
Identify names of stakeholders who own greater than 10% of each entity	
Identify names of key employees of each entity, including key officers and directors	

Affiliate 1 (as applicable)

Name and address for the entity/business	
Any prior names or aliases for the entity/business	
Identify names of stakeholders who own greater than 10% of each entity	
Identify names of key employees of each entity, including key officers and directors	

Affiliate 2 (as applicable)

Name and address for the entity/business	
Any prior names or aliases for the entity/business	
Identify names of stakeholders who own greater than 10% of each entity	
Identify names of key employees of each entity, including key officers and directors	

2.2 Financial Background

Section Scoring Methodology: 2.2 Financial Background

The score for this section will be determined as follows:

If the Bidder is Unsatisfactory in two or more of the questions, then this section will be scored Unsatisfactory.

2.2.1 Is the Bidder rated by a nationally recognized rating agency (e.g. Fitch, Standard and Poor's, Moody's or AM Best)?

Yes ☐ No ☐

If yes, please provide rating, rating type (credit rating or issuer rating) and name of rating agency. Also, provide latest rating report available as an attachment with the "2.2.1 Bidder Rating" included in the name of the file of the attachment.

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2.2.1 Scoring Methodology

Credit rating will be scored in a manner consistent with the rating agency definitions.

Example:

Yes:

Satisfactory = High/Strong/Good/Adequate

Unsatisfactory = Speculative/Fair/Poor

No:

Unscored

2.2.2 Are audited financial statements available for the Bidder?

Yes ☐ No ☐

If yes, please provide the most recent financial statements, including audited consolidated financial statements for the Bidder with "2.2.2 Financial Statements" in the name of the file of the attachment.

2.2.2 Scoring Methodology

Satisfactory = Yes

Unsatisfactory = No

2.2.3 If the Bidder is an FDIC insured depository institution, then please provide the most recent Tier 1 capital ratio and provide date of calculation.

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

2.2.3 Scoring Methodology

Satisfactory = Greater than 6%
Unsatisfactory = Less than 6%
Not scored = NOT FDIC insured

2.2.4 Please provide your expected pro forma Tier 1 ratio following the transaction.

Please select your response from the drop-down menu by clicking "Click here to provide response".

Click here to provide response

2.2.4 Scoring Methodology

Satisfactory = Greater than 6%
Unsatisfactory = Less than 6%
Not scored = NOT FDIC insured

2.3 Funding

Section Scoring Methodology: 2.3 Funding

Each question in this section must receive a Satisfactory rating in order for the overall section score to be scored Satisfactory. Any individual question scored as Unsatisfactory will result in the entire section being scored Unsatisfactory.

2.3.1 Please describe the source(s) of funding, including amount available to support your expected bid and close the transaction. Discuss any procedures necessary to ensure sufficient liquid funds are available as of the close date.

Please check all that apply and provide responses to the additional questions for each funding type checked. For each type checked, please provide evidence to support availability of funds in an attachment (e.g. bank statements, commitment letters, etc.). Note "2.3.1 Funding" in the file name of the attachment.

2.3.1 Scoring Methodology

Satisfactory = Funds are readily available
Unsatisfactory = Insufficient details/plans to secure funding.

☐ Readily available cash

- Are sufficient liquid funds readily available to complete the transaction?

Yes ☐No ☐
☐ Debt

- Are facilities and commitment letters in place?

Yes ☐No ☐

- If No, please detail timeline to secure funding and close transaction.

☐ Capital call

- Please detail whether funding is readily callable, or needs to be secured. Provide timeline to close transaction.

☐ Disposal/Sale/Maturity of existing assets

- Please detail any steps needed to complete the liquidation of these assets and detail the timeline to close transaction.

☐ Other sources of funding

- Please provide detail of source and timeline to secure funding and close transaction.

2.3.2 What is the anticipated funding plan for ongoing financing needs related to the servicing / management of assets to be funded, including completion of development projects? (E.g. Cash, existing debt facilities, committed capital, etc).

Please explain funding plan in the box below. Also provide evidence to support sources of funds used for future obligations. Note "2.3.2 Funding Plan" in the file name of the attachment.

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2.3.2 Scoring Methodology

Satisfactory = Bidder is able to demonstrate that they have evaluated the ongoing needs of the portfolio, adequately considered the risks inherent for the asset type and that funding for ongoing operations is readily available.

Unsatisfactory = Bidder is not able to demonstrate that they have evaluated the ongoing needs of the portfolio, adequately considered the risks inherent for the asset type and that funding for ongoing operations is readily available.

2.3.3 Has a contingency funds budget been assessed/estimated to address any potential construction and completion issues?

Yes ☐

No ☐

2.3.3 Scoring Methodology

Satisfactory = Yes

Unsatisfactory = No

2.3.4 Are additional resources available to fund unforeseen/stress liquidity needs?

Yes ☐

No ☐

Identify and provide documentary support for any additional sources of finance readily available to fund short term liquidity needs or unforeseen obligations with "2.3.4 Additional Funding" in the file name of the attachment.

2.3.4 Scoring Methodology

Satisfactory = Bidder is able to demonstrate additional funding is available that could be used for additional liquidity in a stress scenario.

Unsatisfactory = Bidder is not able to demonstrate additional funding is available that could be used for additional liquidity in a stress scenario

2.4 Asset Management/Servicing

Section Scoring Methodology: 2.4 Asset Management/Servicing

If a Bidder is a rated servicer as determined by Question 2.4.1, then this section will be scored as follows: If a servicer is rated average or above, this section will be scored Satisfactory. A servicer rated below average is scored Unsatisfactory.

If a Bidder is not a rated servicer as determined by Question 2.4.1, then this section will be scored as follows: If the majority of responses (2.4.2 through 2.4.6) are scored Satisfactory, then the section will be scored Satisfactory. If the majority of responses are scored Unsatisfactory, then the section will be scored Unsatisfactory.

If ADC loans are included in the portfolio, then the scoring of Question 2.4.8 must be Satisfactory in order for the section to be scored Satisfactory.

2.4.1 Is the Servicer rated by a nationally recognized rating agency (e.g. Fitch, Standard and Poor's, Moody's)?

Yes ☐

No ☐

If yes, please provide servicer or special servicer rating and name of rating agency (Please also provide the product type for each rating provided by Standard and Poor's). Also provide the latest rating report available with "2.4.1 Servicer Rating" in the file name of the attachment.

Please detail your response below.

If you answered Yes, go directly to Question 2.4.7 to continue completion of this section.

2.4.1 Scoring Methodology

Servicer rating will be scored in a manner consistent with the rating agency definitions.

Fitch Servicer Ratings

Satisfactory =RPS1,RPS2 or CPS1,CPS2,RPS3 or CPS3

Unsatisfactory =RPS4,RPS5 or CPS4, CPS5

Moody's Servicer Ratings

Satisfactory = SQ1,SQ2,SQ3

Unsatisfactory =SQ4, SQ5

S & P Servicer Ratings

Satisfactory = Strong, Above Average, Average

Unsatisfactory =Below Average, Weak

2.4.2 Are you currently an approved servicer for the following (Check all that apply)

- ☐ FNMA Residential Loans
- ☐ FHLMC Residential Loans
- ☐ GNMA Residential Loans
- ☐ FNMA Commercial/MultiFamily Loans
- ☐ FHLMC Commercial/MultiFamily Loans
- ☐ GNMA Commercial/MultiFamily Loans

2.4.2 Scoring Methodology

Satisfactory= Servicer approval from at least one of three GSE's for residential loans.

Unsatisfactory= No Servicer approval from at least one agency for residential loans.

2.4.3 If the Servicer is an approved FHLMC servicer, what is the Servicer's current FHLMC Servicer Performance Profile Tier rating?

Please select your response from the drop-down menu by clicking "Click here to provide response".

[Click here to provide response](#)

2.4.3 Scoring Methodology

Satisfactory = 1,2 or 3

Unsatisfactory = 4 or 5

If FHLMC establishes a servicer's practices as poor, the FDIC should consider not using servicer until FHLMC deems them to pass a minimum threshold

Not scored = Not approved FHLMC servicer

2.4.4 Is the Servicer a member of MERS?

Yes ☐

No ☐

2.4.4 Scoring Methodology

Satisfactory = Yes

Unsatisfactory = No

2.4.5 Servicer Overview

If the servicer does not have a loan servicer rating from a nationally recognized rating agency, please provide information in the following areas:

Operational Experience

Provide information on specific skills and expertise (include details on management's experience) of your servicing operation with particular emphasis on your experience and capabilities in default management and property types specific to portfolio to be acquired from FDIC.

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Affiliates and Third Party Contractors/Sub servicers

- If the Bidder is not managing or servicing the acquired assets directly, provide information on the third party contract servicer and/or other service providers who will manage or service the loans on your behalf.
- Provide information on existing subservicing arrangements and offshore service providers being used (if applicable) and if agreements have been formally executed with these providers.

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Provide additional information on:

- Current disaster recover plan
- Current data security and access controls

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2.4.5 Scoring Methodology

Satisfactory = Information provided shows that Servicer has an experienced management team and an operation experienced in managing the risks and capability to properly service the loans of the type acquired from the FDIC

Unsatisfactory = Information provided shows that Servicer has an inexperienced management team and operation that lacks the experience to adequately manage the risks and properly service the loans of the type acquired from the FDIC

2.4.6 Servicing Portfolio Characteristics

Provide information on the specific loan characteristics of your servicing portfolio including the number and types of loans serviced, geographic distribution of the loans and information on seriously delinquent loans.

Please detail your response below.

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2.4.6 Scoring Methodology

Satisfactory = Able to provide basic portfolio information

Unsatisfactory = Cannot provide basic portfolio information in a report.

2.4.7 Asset Management Experience

If the portfolio considered in the auction contains Acquisition, Development and Construction loans, please provide the information on the key third party contractors who will be performing these services on your behalf and their relevant experience including the following:

Previous Work on Similar Projects

- Discuss involvement in all similar projects to project types listed in the offering worked on in the last three years.
- Please list each project including the name, type and location of the project, the property owner and whether the project was completed. If any project was terminated, discuss the reason for the project's termination

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Commercial Foreclosures

- Provide information on any recent experience foreclosing on commercial properties

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Receivership Proceedings

- Provide information on any recent experience in real estate receivership proceedings.

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2.4.7 Scoring Methodology

Satisfactory = Information provided shows that Asset Manager has an experienced management team and operation which has demonstrated an ability to manage the risks for the loan type(s) acquired from the FDIC

Unsatisfactory = Information provided does not show that the Asset Manager has sufficient experience and an operation which has demonstrated the ability to manage the risks for the loan types acquired from the FDIC

2.5 Portfolio Management Plan

Section Scoring Methodology: 2.5 Portfolio Management Plan

This section is answered entirely through an attachment. Scoring of the attachment will consider the following for Satisfactory and Unsatisfactory scores:

Satisfactory = Portfolio management plan demonstrates a clear overall strategy for managing the project by an experienced project team with a viable exit strategy.

Unsatisfactory = Portfolio management plan does not indicate a clear project strategy or a project team with sufficient experience and lacks a reasonable exit strategy when the project is completed.

2.5.1 Portfolio Management Plan

Please provide in a separate attachment your portfolio management plan for managing the loan portfolio with "2.5.1 Plan" in the file name of the attachment. The plan should address but not be limited to the following areas:

Overall Project Strategy

Continuance/Transition Plan based upon Current Status of the Project

Project Team Experience

Provide clarification on the capabilities and experience of the project team that will work on the property acquired from the FDIC in the following areas (also provide the name of any and all third party contractors who will be performing these services on your behalf):

- Workouts
- Project Management along with affiliations and/or experience
- Preferred General Contractors and relationships
- Zoning/Permitting Experience
- Project Budgeting/Forecasting
- Architect/Engineering Staffing
- Legal Staffing/Counsel

Operational Capacity

Provide information to support your operational capacity to manage the portfolio to be acquired by the Bidder.

Exit Strategy

Describe the disposition and marketing strategy for the various projects in the portfolio when they are completed.